*Department of Finance* 2007-05027/

# News Release

Release at 8:15 a.m. EDT

Ottawa, September 6, 2007
2007-069

## Official International Reserves

The Department of Finance announced today that Canada's official international reserves decreased by an amount equivalent to US$2 million during August to US$40,301 million.

Details on the level and composition of Canada's reserves as of August 31, 2007, as well as the major factors underlying the change in reserves, are provided below. All figures are in millions of US dollars unless otherwise noted.

### Foreign Currency Reserves

| | |
|---|---|
| Securities | 35,059 |
| Deposits | 3,524 |
| Total securities and deposits (liquid reserves) | 38,583 |
| Gold[1] | 73 |
| Special drawing rights (SDRs) | 985 |
| Reserve position in the IMF | 660 |
| Total: August 31, 2007 | 40,301 |
| July 31, 2007 | 40,303 |
| Net change | -2 |

### Details on Deposits

| | | |
|---|---|---|
| Other central banks/Bank for International Settlements | | 834 |
| Banks headquartered in Canada | | 0 |
| Of which: located abroad | 0 | |
| Banks headquartered abroad | | 2,690 |
| Of which: located in Canada | 0 | |
| Total | | 3,524 |

### Details of Net Change

| | |
|---|---|
| Reserves management operations[2] | -286 |
| Gains and losses on gold sales | 0 |
| Net investment gains and losses | |
| Return on investments[3] | 371 |
| Foreign currency debt charges | -24 |
| Revaluation effects[4] | -63 |
| Net government operations[5] | 0 |
| Official intervention | 0 |
| Other transactions | 0 |
| Net change | -2 |

### Currency Composition of Deposits and Securities

| | |
|---|---|
| US dollars | 19,989 |
| Euro | 18,079 |
| Yen | 515 |
| Total | 38,583 |

**Predetermined Short-Term Drains on Foreign Currency Reserves (Nominal Value)**

| | | 0-1 month | 1-3 months | 3-12 months | Total |
|---|---|---|---|---|---|
| Foreign currency securities[6] | Principal | -1,208 | -1,528 | -4,728 | -7,464 |
| | Interest | -81 | -228 | -1,264 | -1,573 |
| Aggregate short forward positions in foreign currencies vis-à-vis Canadian dollar | | -600 | -150 | 0 | -750 |
| Aggregate long forward positions in foreign currencies vis-à-vis Canadian dollar | | 0 | 0 | 0 | 0 |
| Total net drains | | -1,889 | -1,906 | -5,992 | -9,787 |

**Additional Information (Nominal Value)**

| | |
|---|---|
| Undrawn, unconditional credit lines with banks headquartered outside Canada | 0 |
| Securities lent under repurchase agreements[7] | -2,503 |
| Securities held under repurchase agreements[8] | 1,890 |
| Financial derivatives assets (net, marked to market) | |
| Forwards | 0 |
| Swaps | 3,176 |

**Notes:**

1. There were no sales of gold settled in August. On August 31, gold holdings stood at 0.1 million ounces. The valuation is based on the August 31, 2007, London p.m. fix of US$672 per ounce.

2. Net change in securities and deposits resulting from foreign currency funding activities of the Government. (Issuance of foreign currency liabilities used to acquire assets increases reserves, while maturities decrease reserves). During August, Canada bills increased by US$314 million to a level of outstanding bills of US$2,183 million. A total of US$600 million in swaps matured.

3. "Return on investments" comprises US$126 million of interest earned on investments and a US$245-million increase in the market value of securities resulting from changes in interest rates.

4. "Revaluation effects" reflect changes in the market value of reserve assets resulting from movements in exchange rates. In August, the revaluation effect was mainly due to the depreciation of the euro.

5. "Net government operations" are the net purchases of foreign currency for government foreign exchange requirements and for additions to reserves.

6. "Foreign currency securities" include maturities of foreign currency debt, cross-currency swap payments and an estimate of interest payments on foreign currency liabilities.

7. "Securities lent under repurchase agreements" are included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

8. Cash invested under repurchase agreements is included in total reserves. Collateral provided in securities-lending transactions is not included in total reserves.

**Future Release Dates**

The next release is October 3, 2007 (covering the period September 2007).

A list of upcoming release dates is posted on the Department of Finance website located at www.fin.gc.ca/invest_x /releaseDates_e.asp.

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For further information on the Exchange Fund Account, please consult the *Report on the Management of Canada's Official International Reserves—January 1, 2005–March 31, 2006*, located at www.fin.gc.ca/toce/2006/oir06_e.html.

*If you would like to receive automatic e-mail notification of all news releases, please visit the Department of Finance website at www.fin.gc.ca/scripts/register_e.asp.*

**Official International Reserves** (10-Year Synopsis)

| | US dollars | Other currencies | Gold | SDRs | IMF position | Total |
|---|---|---|---|---|---|---|
| | | | (millions of US dollars) | | | |
| August 31, 2007 | 19,989 | 18,594 | 73 | 985 | 660 | 40,301 |
| July 31, 2007 | 20,067 | 18,494 | 73 | 984 | 685 | 40,303 |
| June 30, 2007 | 19,487 | 18,186 | 71 | 974 | 695 | 39,413 |
| May 31, 2007 | 20,088 | 18,271 | 72 | 972 | 693 | 40,096 |
| April 30, 2007 | 19,982 | 18,435 | 74 | 978 | 714 | 40,183 |
| March 31, 2007 | 19,548 | 17,991 | 72 | 976 | 722 | 39,309 |
| February 28, 2007 | 16,771 | 17,781 | 72 | 966 | 720 | 36,310 |
| January 31, 2007 | 16,679 | 17,379 | 71 | 954 | 825 | 35,908 |
| December 31, 2006 | 15,608 | 17,590 | 69 | 963 | 833 | 35,063 |
| November 30, 2006 | 16,423 | 18,152 | 70 | 965 | 867 | 36,477 |
| October 31, 2006 | 16,256 | 17,432 | 66 | 944 | 945 | 35,643 |
| September 30, 2006 | 16,755 | 17,166 | 65 | 941 | 1,090 | 36,017 |
| August 31, 2006 | 17,010 | 16,727 | 68 | 949 | 1,099 | 35,853 |
| Dec. 31, 2005 | 16,842 | 13,822 | 56 | 897 | 1,401 | 33,018 |
| Dec. 31, 2004 | 14,426 | 15,740 | 48 | 925 | 3,327 | 34,466 |
| Dec. 31, 2003 | 15,575 | 15,961 | 45 | 838 | 3,848 | 36,267 |
| Dec. 31, 2002 | 17,946 | 14,739 | 205 | 712 | 3,567 | 37,169 |
| Dec. 31, 2001 | 19,748 | 10,736 | 291 | 614 | 2,859 | 34,248 |
| Dec. 31, 2000 | 21,692 | 7,327 | 323 | 574 | 2,508 | 32,424 |
| Dec. 31, 1999 | 18,838 | 5,594 | 524 | 526 | 3,164 | 28,646 |
| Dec. 31, 1998 | 15,907 | 4,004 | 122 | 1,097 | 2,297 | 23,427 |
| Dec. 31, 1997 | 14,630 | 492 | 146 | 1,126 | 1,575 | 17,969 |
| Dec. 31, 1996 | 17,521 | 507 | 155 | 1,168 | 1,227 | 20,578 |